IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: ALLIED SYSTEMS HOLDINGS, INC., Alleged Debtor.	Chapter 11 Case No. 12-11564 (CSS) **Re: Docket Nos. 28 and 29**
In re: ALLIED SYSTEMS, LTD. (L.P.), Alleged Debtor.	Chapter 11 Case No. 12-11565 (CSS) **Re: Docket Nos. 28 and 29**

DECLARATION OF SCOTT D. MACAULAY

I, Scott D. Macaulay, declare the following:

1. I am Senior Vice President and Chief Financial Officer of Allied Systems Holdings, Inc. ("Allied Holdings" and, collectively, with all of its direct and indirect subsidiaries, "Allied"), having being employed in these positions for about three (3) years. In this capacity, I have knowledge of the corporate structure, business operations, lending relationships, and financial condition of Allied.

2. I give this declaration in support of the (i) motions filed by Allied Systems Holdings, Inc. and Allied Systems, Ltd. (L.P.) to Transfer Venue of this Case to the United States Bankruptcy Court for the Northern District of Georgia and (ii) the Alleged Debtors' Response in Opposition to Petitioning Creditors' Motion Pursuant to Del. Bankr. L.R. 9006-1(e) for an Order Shortening Time for Notice of the Hearing to Consider the Expedited Motion of Petitioning Creditors for the Appointment of a Trustee Pursuant to 11 U.S.C. §§ 105(A), 1104(a)(1) AND 1104(a)(2). I have personal knowledge of the facts set forth in this affidavit.

3. Allied Systems Holdings, Inc. is the ultimate parent of about 20 other companies including Allied Systems, Ltd. Allied Systems Holdings, Inc. is a privately held Delaware corporation headquartered in Atlanta, Georgia. Allied Systems Holdings, Inc. has three direct subsidiaries: Allied Automotive Group, Inc., a Georgia corporation, Axis Group, Inc. also a Georgia corporation, and Haul Insurance Limited, which is a captive insurance company incorporated under the laws of the Cayman Islands. Allied System, Ltd, which is the other alleged debtor, is a Georgia limited partnership and is a subsidiary of Allied Automotive Group, Inc.

4. Allied's major line of business is carried out by Allied Automotive Group, Inc. and its direct and indirect subsidiaries (collectively the Allied Automotive Group"). This major line of business, known in the industry as "car-haul," is the transport of light vehicles, such as automobiles, sport-utility vehicles and light trucks, from manufacturing plants, ports, auctions, and railway distribution points to automobile dealerships in the United States and Canada. The trips are generally what are known in the industry as "short hauls," with each averaging less than two hundred miles. Allied's major customers are automobile manufacturers.

5. Allied Automotive Group transports light vehicles by means of tractor trailers (the "Rigs") specially designed for transporting light vehicles. As of the end of 2011, Allied owned about 2400 Rigs, which operated out of about 44 terminals, most of which were leased, located in the United States and Canada.

6. Allied Automotive Group's drivers and most of its terminal employees are unionized. These employees (the "Teamster Employees") are members of local unions affiliated with the International Brotherhood of Teamsters (the "Teamsters"), which negotiates on behalf

of the local unions and their members. Allied employs about 1835 people of whom about 1062 are Teamster Employees.

7. Allied's much smaller line of business is carried out by Axis Group, Inc. and its direct and indirect subsidiaries (collectively the "Axis Group"). This line of business includes arranging for and managing vehicle distribution services, automobile inspections, auction and yard management services, vehicle tracking, vehicle accessorizing, and dealer preparation services for the automotive industry in the United States and Canada, and providing yard management services in Mexico. The Axis Group operates from 39 terminals located in the United States, Canada, and Mexico.

8. The Alleged Debtors and most of their direct and indirect subsidiaries (collectively "Allied") were reorganized in Chapter 11 cases (collectively the "Original Chapter 11 Case") that were filed in the Northern District of Georgia on July 31, 2005 and that resulted in a plan of reorganization (the "Allied Plan of Reorganization"), which was confirmed by Bankruptcy Judge Ray Mullins and became effective in May 2007.[1] As a result of the reorganization, Allied's then unsecured creditors became the shareholders of Allied Systems Holding, Inc. Although the Original Chapter 11 Case is ready to be closed, at this point it remains an open and pending case in Atlanta before Judge Mullins.

9. In the Original Chapter 11 Case, Allied's goals were (1) to increase revenue by increasing customer pricing, (2) to deleverage by conversion of debt into equity, and (3) to

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[1] Allied Systems Holdings, Inc. is the successor by merger with Allied Holdings, Inc., which was the ultimate Allied parent when the Original Chapter 11 Case was filed. When the Allied Plan of Reorganization became effective, Allied Systems Holdings, Inc. was created as a subsidiary of Allied Holdings, Inc., which was merged into Allied Systems Holdings, Inc., the surviving corporation. Thus, in connection with the Original Chapter 11 Case, the terms "Allied" and "Debtors" exclude Allied Systems Holdings, Inc. and include Allied Holdings, Inc. Also, in connection with the Original Chapter 11 Case, the term "Debtors" includes certain indirect Allied subsidiaries that no longer exist. Certain indirect Allied subsidiaries formed under the law of Mexico and Bermuda were not Debtors.

reduce labor costs through reductions in compensation and changes in work rules with respect to the Teamsters Employees and through shared sacrifice from non-union employees.

10. These goals were largely achieved, with significant aid from two private equity funds, Yucaipa American Alliance Fund I, LP and Yucaipa Alliance (Parallel Fund I, L.P. (collectively "Yucaipa") During the original Chapter 11 Case, Yucaipa, among other things, (1) acquired about two-thirds of a series of unsecured notes that Allied had issued in the principal amount of $150 million; (2) was the catalyst for obtaining an agreement with the Teamsters for concessions ("Labor Modifications") reducing wages of Allied's Teamster Employees by 15% for a three-year period; (3) financed the acquisition of Rigs for Allied's use; (4) supported a plan to convert general unsecured debt into equity; and (5) aided Allied in securing the exit financing (the "Exit Financing") essential to its reorganization.

11. Yucaipa and the Teamsters joined the Debtors as proponents of the Allied Plan of Reorganization. As of the Effective Date of the Allied Plan of Reorganization, Allied Holdings, Inc. created Allied Systems Holdings, Inc. as a subsidiary and merged into it. As provided in the Allied Plan of Reorganization, the outstanding stock of Allied Holdings, Inc. was canceled and Allied Systems Holdings, Inc. issued new common stock to Allied's general unsecured creditors, with Yucaipa becoming the owner of about 63% of the equity. Also as of the Effective Date, Allied's Exit Financing and the Labor Modifications became effective.

12. In 2010, Allied had revenue of about $543 million In 2011, Allied had substantially less revenue (about $343 million) because, in the first quarter 2011, Allied ceased providing car-haul services to several customers. This reduction occurred after Allied approached substantially all of its car-haul customers for rate increases, because the rate levels then in effect were not sustainable and did not cover current operating costs. New long-term

contracts and rate increases were achieved with Ford and several smaller customers in the United States and with Ford, Mazda, Hyundai, Kia, Honda, Nissan and Mitsubishi in Canada. General Motors, Chrysler, Toyota, and Honda in the United States refused to accept the rate increases and, consequently, Allied discontinued providing car-haul services to these companies.

13. A major reason for the unsustainable rate levels that caused Allied to cease providing car-haul services to several substantial customers was the drastic decline of production ("OEM Production") by original equipment manufacturers of light vehicles since the Allied Plan of Reorganization became effective in May 2007. This decline is a result of the recession which began in December 2007. The recession hit the domestic automobile market particularly hard, with General Motors Corporation and Chrysler LLC commencing bankruptcy cases in 2009 and shutting down most production until their assets could be sold.

14. As a result of the drastic decline in OEM Production, there was an industry-wide oversupply of capacity to transport light vehicles. The fierce competition among trucking companies (both union and non-union) and railroads for contracts to transport these vehicles led Allied's customers to reduce substantially the rate of compensation offered to Allied and its competitors. Thus, lower OEM production combined with lower rates of compensation caused Allied to suffer large losses in the years since its reorganization in 2007.

15. The aggregate industry OEM production of light vehicles in North America in 2007 was approximately 15 million units. OEM Production declined drastically in 2008 and 2009 with a slight improvement in 2010, when this production was 11.9 million units. Reflecting that decline in production, Allied transported 6.9 million vehicles in 2007 and had revenue of $823 million, while in 2010, Allied transported 4.5 million vehicles and had revenue of $ 543 million.

16. While the rate of compensation to Allied for transporting light vehicles has been declining, Allied's expenses in many areas have increased. Thus, the rate of compensation of its Teamster Employees increased by over 15% in June 2010 and increased again in June 2011. Also, as the Rigs age, they require more maintenance and capital improvements.

17 Allied does not own any real estate or other tangible assets located in Delaware and has no creditors doing business with it from Delaware. Upon information and belief, no Allied employees reside in Delaware. Allied's headquarters is located in Atlanta, Georgia (with a small satellite office in Detroit, Michigan). Allied currently has 73 employees working out of its Atlanta headquarters and another 55 employees working out of its Atlanta-area terminal in Georgia. Allied owns and leases real estate in Georgia. No member of the board of directors of any Allied entity resides in Delaware. One member of the board of directors splits his residence between Georgia and Michigan. Virtually all of the officers and key employees of Allied reside in Atlanta. Outside corporate and bankruptcy counsel for Allied Holdings is located in Georgia. Given the international presence of Allied, its creditors are spread over a wide geographic area. However, because nearly 60% of Allied's business is tied to large American automobile manufacturers, Allied's creditors are more heavily concentrated in Michigan. Based on my current information, I do not believe that any of Allied's creditors interact with Allied from

locations in Delaware.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 21, 2012.

SCOTT D. MACAULAY
Senior Vice President and Chief Financial
Officer, Allied Systems Holdings, Inc.